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REPORT ON AFRICA'S PREPARATIONS AND PARTICIPATION IN UNCTAD VIII

INTRODUCTION

1. It is worth recalling that ECA's policy organs have on many occasions called upon the Executive Secretary, in collaboration with others, particularly the Secretary-General of the Organization of African Unity (OAU), to assist and ensure effective African participation in multilateral negotiations. Part of the response to this is reflected in ECA's work programme, programme element 3.1.

2. This brief secretariat note on Africa's preparations and participation in the eighth session of the United Nations Conference on Trade and Development (UNCTAD VIII) highlights various stages and levels of the African negotiating process. Somehow, the analysis is constrained by two factors: first, the rescheduling of the time for holding UNCTAD VIII in Colombia, February 1992; second, conclusions of the Uruguay Round of Multilateral Trade Negotiations (MTNs) not being available.

3. The note highlights the main salient features of the preparations pertaining to Africa's participation up to the holding of the seventh Ministerial Meeting of the Group of 77 in Teheran, Iran in November 1991. Implications on the African economies, on the other hand, of the results of UNCTAD VIII conclusions will only be fruitfully assessed at the end of the session and the Uruguay Round of Multilateral Trade Negotiations. However, in the case of the latter, certain areas like loss of already acquired benefits are a strong possibility where the African negotiators may have been unable to effectively defend their interests. The situation with the former would have been unnecessary had the scheduling of UNCTAD VIII not been postponed from the fourth quarter of 1991 to February 1992. Negotiations for the former started in 1986 and have dragged on for more than five years. The main cause for this long delay was disagreement between the United States of America on the one hand and the European Economic Community on the other over the question of agriculture subsidies.

4. It is equally important to refer to the significance of the results of the special session of the Conference of African Ministers of Trade, especially its "Strategies for Revitalization, Recovery and Growth of Africa's Trade in the 1990s and Beyond" (E/ECA/TRADE/89/25/Rev.5) as inputs into their negotiating strategy. It calls for the redefinition and strengthening of the institutional framework for policy dialogue and negotiations between African countries, on the one hand, and with the developed and other developing countries on the other within the context of UNCTAD and the General Agreement on Tariffs and Trade (GATT), to mention but a few such forums.

5. Additionally, the eleventh Conference of African Ministers of Trade, meeting in Addis Ababa in April 1991, paragraph 41 of their report (doc. E/ECA/TRADE/91/12) deferred "consideration of Africa's position on issues to be negotiated within the Group of 77 and at UNCTAD VIII" because of the lack of necessary additional background documentation both by the UNCTAD secretariat and the G.77 Preparatory Committee. Another compelling reason was to enable the African region to include in its strategy developments that were likely to take place nearer to the actual holding of the seventh Ministerial Meeting of the Group of 77 and the rescheduled new dates of UNCTAD VIII. However, there were difficulties in finding a country to host the Ministerial Meeting.

I. PROGRESS OF AFRICAN PARTICIPATION

6. The African Ministers Responsible for Trade Preparatory to UNCTAD VIII met in Lusaka, Zambia, from 13 to 19 April 1991, preceded by a meeting of their Intergovernmental Group of Experts (13-18 April). That meeting adopted the Lusaka Declaration (E/ECA/CM.18/CRP.4) based in part on information provided in background documents by ECA and other secretariats, the African Group in Geneva, the Preparatory Committee of G.77 and the report of the eleventh Conference of African Ministers of Trade. Other inputs into the Declaration were taken from statements delivered during the inaugural ceremony by the Zambian Prime Minister on behalf of the Zambian Head of State and Government, the Secretary-General of UNCTAD, the Executive Secretary of ECA and the Secretary-General of the OAU.

7. The Lusaka Declaration reiterated a number of realities, not least of which was that the existence of a hostile socio-economic and political environment was not conducive to rapid economic growth and development. It therefore called for mutually reinforcing efforts with the international community if African countries were to meet the development challenges of the 1990s and beyond. In other words, Africa's own efforts needed to be supported by those of the international community.

8. Consequently, the Lusaka Declaration was adopted as an African negotiating strategy in the hope that concrete action-oriented results would emerge from UNCTAD VIII, considering that its Trade and Development Board, by resolution 45/203 of 21 December 1990, had adopted a development-oriented agenda with a view to contributing to the objective of furthering economic growth and development of developing countries. Thus, the second part of the Declaration focused on UNCTAD VIII's substantive agenda items: commodities; resources for development; international trade; technology transfer and development; services; and sustainable development emphasizing Africa's observed interest. Along with the above, was concern with the issue of the least developed countries (LDCs). Perhaps it is important to underline Africa's objective for its inclusion, one reason being to keep reminding the international community of the need to implement fully and expeditiously the Programme of Action for the LDCs for the 1990s adopted by the United Nations Conference on LDCs in Paris in September 1990.

9. The third part of Lusaka Declaration focused on the issue of economic cooperation among developing countries (ECDC). This was primarily intended for consideration by the seventh Ministerial Meeting of the Group of 77, notwithstanding that it was not on UNCTAD VIII's agenda. The fact that the third world was expected to meet after almost four years and that stronger economic blocs were emerging, including the signing of the Treaty establishing the African Economic Community, was reason enough for the issue of ECDC to be revisited in order to take stock of needed future course of action.

10. The fourth part dealt with a decision whereby the meeting mandated the African Group in Geneva, in the context of the preparatory work of G.77, to consult with the two other regional groups (Asia and Latin America) in order to harmonize regional texts with a view to advancing the work of the Ministerial Meeting. The African Ambassadors were then required to report the outcome of those consultations to the African Ministers of Trade during the Ministerial Meeting of the Group of 77.

11. The next stage, preparation of a comparative text based on the submissions of the three regional ministerial meetings (Lusaka for Africa; Pyongyong for Asia; and Caracas for Latin America), was done by G.77 in Geneva. It was from this that the Ministerial Meeting of the group of 77 was presented with a G.77 "Harmonized text" from which emerged the Teheran Final Documents (doc. 77/MM/(VII)/1).

II. AFRICA'S PARTICIPATION AND DEFENCE OF INTEREST

12. Pursuant to the Lusaka decisions, the Chairman of the African Ambassadors in Geneva reported subsequently on the meeting of African Ministers of Trade to the Ministerial Meeting of the group of 77 in Teheran. The report highlighted the extent to which the African regional positions had been reconciled with those of others within the G.77. The Ministers were also duly informed on issues not resolved with suggestions as to the main constraints. The harmonized text had retained many of the concerns contained in the Lusaka Declaration. It is nonetheless important to underscore the fact that reformulation of certain African proposals had become necessary in order to accommodate the views of other regions by virtue of requiring a consensus. In certain instances, reformulation led to a definite improvement on Africa's regional intended objective(s).

13. Take as one illustration, in the area of commodities, para. 36 on "compensatory financing" in the Lusaka Declaration benefitted from such an addition. The version reads as follows: "These questions, as well as actions taken or required in the area of compensatory financing of export earnings shortfalls, should be kept under constant review in UNCTAD. The UNCTAD secretariat should follow developments in

various compensatory financing schemes and their implications for the development of developing countries." Unlike the above, the original text in the Lusaka Declaration had not provided for specific follow-up mechanism. The text retained the need to guard against the eventuality of injurious action, detrimental to the interests of commodity-dependent economies, the majority of which are in Africa.

14. Other modifications in the final text merely extended the African proposals by covering a wider group of the G.77. That was what became of the decision taken in regard to "diversification, processing, marketing and distribution, including transportation". The submission called for national policy coordination and transparency, stressing the importance of a favourable external environment and the need for enhancing and promoting cooperation between commodity producers and consumers.

15. The issue of the Uruguay Round of Multilateral Trade Negotiations deserves special mention in the context of development of international trade. The eleventh Conference of African Ministers of Trade had already expressed dissatisfaction. It drew attention to the slow progress and to the extent to which the region seemed to have been ignored and marginalized, especially in Brussels, in December 1990. Furthermore, during the Conference, the Ministers had the opportunity to discuss this issue in greater detail before adopting a resolution (annex III of document E/ECA/TRADE/91/12) which requested the OAU Summit in Abuja in June 1991 to take a political stand and to impress upon the industrialized countries and GATT itself that Africa's interests could not continue to be marginalized.

16. At least two illustrative areas need highlighting from the point of view of implications: first, safeguarding existing preferences as in the case of the Lome Convention; second, the difficulty of arriving at positions when the conclusions of the negotiations are yet to be ended. In other words, the analysis borders on the age-old unresolved question of the egg before the chicken or vice versa.

17. Convening the Ministerial Meeting of the Group of 77 went through a difficult patch in terms of arriving at a consensus on how to present the issue of the Uruguay Round. An attempt had been made to adopted a "declaration" highlighting areas, most of which are in the Lusaka Declaration. Some 11 paragraphs in the "Ministerial Declaration on the Uruguay Round of MTNs" (doc. 77/MM(VII)/2) were eventually adopted at the insistence of the African group. The opposing opinion, mostly by the Latin Americans, advocated the deletion of paragraphs 5 to 10. From the African point of view deletion of these paragraphs was to render the Declaration of little substance, since those paragraphs had the meat rather than teeth for African exporters.

18. Paragraph 5, for instance, called for developing countries to be compensated for any erosion of preferential margins as a result of trade liberalization in the Uruguay Round for preferences granted by developed countries. Similarly, paragraph 6 talked of results in agriculture to provide for (a) increased access to markets, substantial reduction in internal support and export subsidies and elimination of all derogations deriving from waivers and protocols of accession of developed countries; (b) provision of flexibility to developing countries in the use of measures relating to internal support programmes, border measures and export subsidies to allow them to develop their agricultural sectors; and (c) transitional facilities to offset the burden arising from increases in food prices, particularly for the net food-importing developing countries.

19. These two illustrative paragraphs are core and underline some of Africa's main preoccupations, especially the need to maintain the "droit acqui"; for instance, STABEX benefits existing within the Lome Convention IV and in the generalized system of preferences (GSP). It is therefore understandable why the African group resisted the deletion of paragraphs 5 to 10. Had they succumbed, they would have greatly undermined all that they had achieved up to the decision of the OAU Summit and in the "Harmonized text". Secondly, acceptance of the deletion would have taken from Africa the hope pinned in the solidarity of the G.77.

20. In the end, after a long protracted debate the Ministerial Meeting resolved to maintain all 11 paragraphs. As a compromise therefore, it was decided that the Declaration not form part of the Teheran Final Documents. On the contrary, the meeting decided to convey the Declaration on the Uruguay Round to the Director-General of GATT and to the Government of Uruguay for appropriate action. In other words, Africa's strategy for necessary political leverage had been achieved up to that point. Secondly, the importance of not eroding the required privileges had been spotlighted and the other developing countries were therefore presumed to have supported or not opposed the African submission.

21. It is evident from the above brief account that defense of Africa's positions of this type would have been much stronger and better, if only the composition of each delegation had been consistent through all those stages (Geneva, Lusaka and Teheran) and had a larger number of delegations been led by their respective ministers, notwithstanding the fact that Africa's showing in Teheran in terms of ministerial representation was four times more than that for the Latin American region.

22. It is difficult to deal with implications in the light of what is stated in some of the preceding paragraphs. There is also the question of assessing the extent to which previous UNCTAD session decisions have been implemented, especially their effect on the African economies as most have a relatively long gestation period.

23. The question of implications on Africa's future prospects in the short and long term is not only of what will be debated at UNCTAD VIII but also how those decisions will be implemented and when. Probably the most likely yardsticks could include the extent to which concrete action will be taken and implemented as opposed to previous experience. There will also be the issue of how the envisaged new structure of UNCTAD itself will be able to overcome the impediments in the way of facilitating economic growth and development. Perhaps the session will also be judged on whether developing countries and Africa in particular have the real bargaining power to ensure that principal regional and national interests are no longer ignored or marginalized.

24. Implications of UNCTAD VIII as a forum of transparent debate and place for international community-oriented action go beyond some of the issues on its provisional agenda. They encompass UNCTAD's future role as a forum for democratic and open international discussion and consensus. Perhaps most important of all, words being coupled with concrete action thereafter. There is also the working structure of the Group of 77 and how it will relate to the UNCTAD structure in future. UNCTAD discussions have hitherto been characterized by group distinctions (Groups B, D, G.77 and China): Group D (countries of Eastern Europe and the Soviet Union by virtue of adherence to central planning). This Group is to all intents and purposes fast disintegrating; Group B (consisting of the developed industrialized countries) seems destined to absorb some of those falling out of Group D; the G.77 (consisting of some 128 developing countries) is unlikely to be joined by any of former Group D countries. It is however showing signs, among the more developed among them, of loosening the concept of greater solidarity in place of flexibility. In other words, the latter want to be allowed out of the original straightjacket.

25. It can therefore be presumed that the era of clear confrontation among adversaries could in future be considerably reduced but not eliminated. This change of heart on the part of G.77, which became apparent during the Ministerial Meeting, could not have been any more evident than the fact that non-G.77 countries (Japan, Australia, Canada, Italy, the Netherlands, Poland, Sweden, Switzerland and Turkey) participated as "special invitees" for the first time in the long history of G.77 meetings.

26. Therefore until the precise results of UNCTAD VIII are available, any assessment of likely implications from the African standpoint, at the time of issuing this brief, is bound to be highly suspect. Available indications are such that UNCTAD VIII will take place at a rather complex and challenging time. Ample evidence of changes in approaches to both national and international policy already manifest

themselves. These are changes that are likely to be either positive or negative. The latter are fraught with potential dangers, while the former can be said to be pregnant with opportunities for promoting international development.

27. Many of the issues highlighted in the Teheran Declaration and its Substantial Platform of the Group of 77 for International Cooperation are quite familiar. Needless to say, the easing of East-West military and political tensions, transformation taking place in Central and Eastern Europe including the Soviet Union, the emergence of large economic spaces, especially among the industrialized countries, are matters of particular concern to Africa's future economic prospects. Over and above the questions of structural changes in the world economy and the fact that technological progress is forcing changing patterns of production and demand thereof are matters whose implications can not be taken lightly.

28. A trend is already developing among certain G.77 members seeking great flexibility and freedom as to how to defend their respective national interests. These countries no longer believe that they should be rigidly tied to the G.77 position in the name of solidarity. They wish to feel free to associate with any other country or group of countries outside G.77 that have a common objective with them. For example, Argentina would like to be free to associate with New Zealand, if need be, in championing the issue of trade in meat, even at the expense of, say, Botswana or Kenya as members of G.77.

29. However, it can not be disputed that African countries as principal primary commodity exporters will be adversely affected by such changes in the G.77 solidarity strategy. For instance, selected leather-producing African countries would be unable, on their own to make any significant impression on the Japanese leather market or outlook without the support of the G.77 as a whole, perhaps using the UNCTAD forum, especially UNCTAD's Committee on Commodities. On the contrary, the African case would be taken quite seriously were it to have the support of the G.77, in spite of certain modifications. The example of the Ministerial Declaration on the Uruguay Round of MTNs referred to above is a case in point.

30. Similarly, Brazil's solidarity with the cocoa-producing countries and its support of the International Cocoa Agreement is essential. This is notwithstanding the fact that Brazil earns more from exporting a ton of orange juice than it does from exporting a similar quantity of cocoa.

31. The reality of this has never been so evident as it is now in view of the trends emerging, trends that point in the direction of increased globalization and inter-dependence of the world economy. So why can the G.77, and Africa in particular, not do the same in their own interest? And more so since key sectors covering trade flows in goods and services and developments in the areas of money, finance, debt and commodities have been more closely integrated. Some of the implications of these phenomena for fragile economies would include the danger of erosion of the capacity of governments in determining the course of events. At the same time, the tightening of constraints on their scope as autonomous policy-making, especially in Africa, is a trend that needs watching.

32. The extent of some of the implications of both these major events cannot be properly quantified at this time for reasons already stated. It is however important to underline two other significant aspects: first, Africa has every justification, in the light of the Lusaka Declaration, to consider the solidarity of the Group of 77 as a source of strength, deriving essentially from a shared perception of common problems, many of which have always transcended economic and political diversity, more so because the Teheran Declaration incorporated most of the Lusaka Declaration proposals, in addition to extolling the Group of 77 to work together and remain a political instrument in articulating common problems. The action vindicates a need for a strategy that could provide strong bargaining power for the achievement of collectively defined goals and objectives among developing countries on the basis of an agreed negotiating agenda with the developed countries.

33. Needless to say, this preliminary report constitutes part I of the issues raised with regard to Africa's preparations and participation in UNCTAD VIII. Part II on the other hand, will be issued as an addendum to this report after UNCTAD VIII, in Cartagena de Indias, Colombia in February 1992. The addendum will give an update of the results and decisions reached at UNCTAD VIII, taking as its point of departure many of Africa's concerns reflected in the Lusaka Declaration and as subsequently incorporated in the Teheran Final Documents.